



Personal
Communications
Industry
Association

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June 21, 1996

William S. Caton
Secretary
Federal Communications Commission
1919 M St., N.W., Room 222
Washington, DC 20554

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JUN 21 1996
Federal Communications Commission
Office of Secretary

Re: Notification of Ex Parte Contact in CC Docket 96-98

Dear Mr. Caton:

The Personal Communications Industry Association ("PCIA") hereby notifies the Commission of an *ex parte* contact in the above referenced docket. On June 19, 1996, Jay Kitchen, Mark Golden, Robert Hoggarth, and Robert Cohen met with Michele Farquhar, David Nall, Jay Markley, Rhonda Lein, and Kathy O'Brien to discuss the attached materials.

Should any questions arise concerning this notification, please contact Robert Hoggarth at (703) 739-0300.

Sincerely,

Robert L. Hoggarth
Director - Regulatory Relations

cc: w/encl. Michele Farquhar
David Nall
Jay Markley
Rhonda Lein
Kathy O'Brien

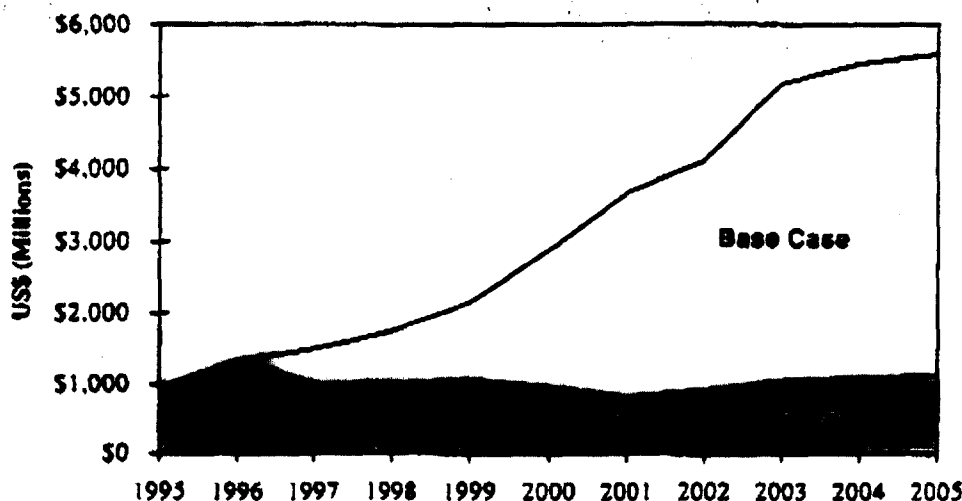
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MTA-EMCI*Supporting Innovation**In Communications***Press Release****April 24, 1996****MTA-EMCI Estimates Interconnection Expenditures to Reach \$936 Million in 1995**

Interconnection represents a significant expenditure for the wireless industry, amounting to approximately \$936 million in 1995 according to MTA-EMCI's estimates. The burgeoning growth of the cellular industry as well as the introduction of new wireless networks such as PCS, wireless Centrex, mobile satellite, and wireless local loop will result in annual multi-billion dollar expenditures unless new interconnection compensation schemes are adopted.

With the development of additional wireless networks, total LEC interconnection revenues

**Net Interconnections Fees Paid to LECs,
1995-2005**

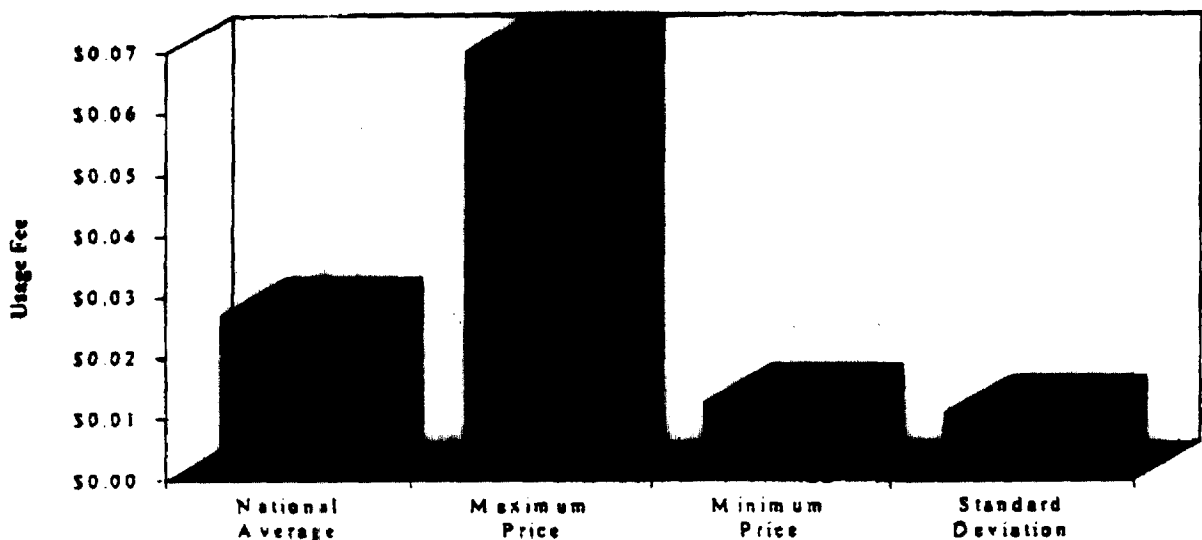
Source: MTA-EMCI

would reach \$5.6 billion by the year 2005 without the adoption of mutual compensation. In the event that mutual compensation is implemented by the year 1997, MTA-EMCI projects the fees to reach only \$1.1 billion by the year 2005. Because incoming and outgoing calls on the wireless network via the PSTN are not likely to be balanced in this period, wireless carriers will continue to pay the LEC termination fees under mutual compensation schemes. Total interconnection expenditures under the base case from 1995 to 2005, would be approximately \$34 billion. Under

a mutual compensation scenario, net interconnection payments to the LEC during this period would be significantly lower at \$11.3 billion, a reduction of 67 percent.

MTA-EMCI has conducted a comprehensive analysis of current interconnection rates and found considerable variance in the rates across states, regions and localities. For example, Type 1 interconnections range from a low of \$0.016 per minute of use in Las Vegas, Nevada and a maximum of \$0.159 per minute in Nashua, New Hampshire. The average rates for this common type of interconnection is \$0.047 with a standard deviation of \$0.028.

Basic Type 1 Interconnection Rates



Source: MTA-EMCI

In its latest publication, Interconnection: Wireless Industry Rates and Trends, MTA-EMCI has projected total interconnection expenditures for the entire wireless industry from 1995-2005 and the impact of mutual compensation. This report provides an analysis of the critical issues of interconnection rate structure, rate elements, technical considerations and the proposed modifications currently under consideration as well as a comprehensive database of interconnection rates in 59 localities.

MTA-EMCI, with offices in Washington, DC, London, and Singapore, publishes market studies, valuations, and strategic planning projects to the wireless communications and cable TV industries throughout the world. Interconnection: Wireless Industry Rates and Trends is available for US\$2,400. Please contact Peter Nighswander at 202-835-7800 (phone) or 202-825-7811 (fax) for more information or send an e-mail to mta-emci@commnow.com.



**THE COMMISSION SHOULD ADOPT NATIONWIDE STANDARDS FOR
CMRS-LEC INTERCONNECTION
CC DOCKET NOS. 95-185 & 96-98
JUNE 1996**

The Commission should not lose sight of the fact that Sections 251 and 252 are primarily intended to open the landline local exchange market to competition through interconnection, resale, and the cost-based provision of unbundled network elements by incumbent landline local exchange carriers. On the other hand, most aspects of CMRS regulation -- including interconnection -- continue to be governed by the provisions of Section 332(c), Section 201, and Commission rulings interpreting those sections. In fact, Section 253 expressly leaves the preemption provisions of Section 332 (c)(3) intact.

- **CMRS LICENSEE INTERCONNECTION RIGHTS ARE GOVERNED BY SECTIONS 332(C) AND 201 OF THE COMMUNICATIONS ACT, AND THESE RIGHTS ARE NOT ALTERED BY NEW SECTION 251**
 - The CMRS-LEC interconnection standards are defined by Sections 332(c) and 201 of the Communications Act. Under these sections, the FCC has enunciated the following requirements:
 - The principle of mutual compensation applies.
 - LECs must establish reasonable charges for interstate interconnection provided to CMRS licensees.
 - A LEC generally may not deny a CMRS provider any form of interconnection arrangement that the LEC makes available to any other carrier or customer.
 - Section 251 does not alter reliance on Section 201 as the basis for LEC-CMRS interconnection.
 - Under Section 251(i), the provisions of Section 251 do not replace, limit, or supersede the mandates of Section 201.
 - Both the plain language and legislative history of Section 251 make it clear that this section was intended to provide the baseline policies to govern the transition to full competition in the wireline local exchange marketplace, *not* the CMRS marketplace.

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- **BECAUSE PRICING OF LEC-CMRS INTERCONNECTION ARRANGEMENTS CONTINUES TO BE GOVERNED BY SECTION 201 AND NOT SECTION 251, THE FCC SHOULD PROMPTLY COMPLETE ITS CC DOCKET 95-185 PROCEEDING**
 - Under Section 332(c), Section 201, and the inseverability doctrine, the Commission has jurisdiction over both inter- and intrastate LEC-CMRS interconnection rates.
 - For broadband CMRS:
 - On an interim basis, the Commission should mandate bill and keep for all network elements from the tandem switch to the end user.
 - For messaging services:
 - The LEC should pay the full cost of the facilities connecting its switch to the CMRS provider's network.
 - Messaging operators should be entitled to recover the reasonable costs of the network facilities used in terminating calls.
- **CMRS PROVIDERS ARE NOT LOCAL EXCHANGE CARRIERS REGULATED BY SECTION 251**
 - Under Section 3(44), Congress explicitly decided *not* to classify CMRS providers as local exchange carriers unless the Commission put forth sound policy reasons for doing so.
 - CMRS carriers are regulated under Section 332(c), which is a federal regulatory plan that takes into account the unique factors relevant to CMRS.
 - There are numerous factual distinctions between CMRS and local exchange service, including:
 - CMRS at present does not serve as a substitute for landline local exchange service.
 - CMRS carriers cannot exert market power.

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- CMRS uses a rapidly evolving family of technologies.

- **CMRS PROVIDERS ARE NOT INCUMBENT LOCAL EXCHANGE CARRIERS REGULATED BY SECTION 251**

- Under Section 251(h)(1), "incumbent local exchange carriers" must have provided "telephone exchange service" in a given area, and must have been a member of the "exchange carrier association pursuant to section 69.601(b) of the Commission's rules" on the date of the Act's enactment.

- No CMRS carrier met these qualifications on the date of the Act's enactment.